

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – APRIL 28, 2004**

**PRESENT:** Commissioners John Byrne and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Aidan Moore, Chief of Enforcement; Peter Engel, Director of Store Operations; Howard Roundy, Director of Information Technology; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Financial Officer. Guests: Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses; Andrew Livernois, Assistant Attorney General.

**EXCUSED:** Chairman Anthony Maiola; Evie Taft, Human Resources Administrator.

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports:**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending 4/25/04 shows retail sales were up 5.4%, on-premise sales were up 21.3%, off-premise sales were up around .45%, and total aggregate sales were up 6.54%. The traffic count was down by 516, while the average sales ticket was up \$.33.

The W-1 Total Weekly Sales Report for the same week confirms total sales for the same week were up 6.54% or \$376,151 for the weekly comparison, and that they also up for the year by almost 7.9% or \$22,317,853 for the year. Wine sales also increased for the week by 5.5% or \$144,512, as they did for the year by almost 8% or \$10,496,031. Sales of spirits were up 7.4% or \$231,639 on a weekly basis, and also increased year-to-date by about 8% or \$11,822,021.

##### **B. Budget/Administrative Reports**

There was nothing of significance to report this week regarding outstanding depletions/post-offs or gift card sales.

The Employee Campaign kick-off was held yesterday at the Enforcement Bureau, and will be conducted at headquarters and at the warehouse tomorrow.

House Bill 1254 arrived at the Secretary of State's Office at around 11:00 a.m. It is not known how long it will be before the Governor signs it.

The e-licensing project has started over at Enforcement, and systems automation is working out a schedule for implementation. Howard reported that OIT personnel tested the network, and that all connections were working properly. Aidan expects training to begin the first week in May. The project will hopefully go live within four to six weeks for final testing. Extracts will be developed over the data base for store operations, and information will be brought back into Mapper.

Craig reported that Evie Taft is attending a Cigna conference this morning. She has also attended all of the regional managers' meetings to date. Work is being done on a number of different areas regarding workers' compensation, and training is being considered for front line managers.

The W-6 Expense Budget Activity Variance Report for the week ending April 27, 2004 shows the year to be at about 82.7% expired, with total expenditures at approximately 80.4% of the budget. Accounting is working on freeing up some Class 20 monies, as there is an extra pay period this month. George is working with Tom Smith to identify which maintenance contracts can be used to liquidate funds. There is currently \$198,000 in encumbered money. Class 60 is running high, and a request has been submitted to the benefits adjustment fund to help cover these expenses.

Accounting is also working on finalizing a septic contract at a cost of over \$5,000 per year to service the two Hampton stores. The security contract will be awarded soon, but not to the current vendor. George feels some savings will be realized there.

Revenue projects are being developed for May 11<sup>th</sup>. In addition, the income statement is now on the internet. The gross profit year-to-date is up around 2,765 for the year.

2. IT Report

This morning Rick Racicot is at OIT to help implement the RiTA server that will serve the entire state system. There will be testing conducted at this point, and several stores should be moved over at the end of next week. A back-up version of the server will be retained here in IT. Commissioner Byrne inquired if there is a process for credit cards by which the Commission would have input into the decision-making process. Both Howard and Craig felt this would be true, as Paymentech is aware that the Commission is the largest user of the server. George commented that when more state agencies come on board, particularly Motor Vehicles, expenses will probably be pro-rated among those agencies.

IT technical staff will be putting in new security patches, which will affect all users. Within the next few weeks, the Spy Ware program will also be installed to help eliminate unwanted e-mail.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations**

Total store sales for the week ending 4/25/04 increased by 6.4% or \$279,924.47, with nothing out of the ordinary to report.

The last of the five regional managers' meetings has concluded, with Evie and Peter traveling about 700 miles in five days. Peter reported that interaction with store personnel was very good.

Martignetti Companies of N.H. has asked to purchase an additional 2,500 worth of cards for the "Uncork the Cash" promotion. Peter said only one card failed to process properly during the entire program.

The May/June issue of "Celebrate N.H." magazine should arrive today or tomorrow. John felt this to be the best issue so far, and encouraged everyone to take a look at it.

#### **A. Enforcement Summer Seasonal Security Details (tabled from 4/14/04):**

Recommendations from Peter Engel for in-store security details at various locations from Memorial Day weekend through Columbus Day weekend, with a net reduction of four (4) detail hours from last year, were considered. A change in time from noon to 1:00 p.m. to make bank deposits was felt to be appropriate. There was extended discussion as to whether Law Enforcement personnel should be placed at the front of the stores in uniform as a visible presence to deter theft or be dressed in plain clothes to roam throughout the stores to possibly catch shoplifters in the act. In either case, store personnel would be aware of who was providing the detail. Commissioner Russell strongly felt that placing an officer with a badge at the front of a store would be deterrent enough. Commissioner Byrne asked that a revised schedule be brought up again at next week's meeting, which would give the Commission time to make a decision. This item remained on the table.

### **2. Purchasing Report:**

John Bunnell reported that this week's out-of-stock report is the best he has seen in about five years, with very few items of concern.

3. Merchandising Report:

A. SPIRITS:

1) Test Market Products:

a. Test Market Request (McKendric Western Style Whiskey):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company/Inovatec Company for a new test market listing for McKendric Western Style Whiskey, 750ML size (assigned Code #1865), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Test Market Request (Sol Dios Anejo Tequila):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Horizon Beverage Company/Shaw-Ross International for a new test market listing for Sol Dios Anejo Tequila, 750ML size (assigned Code #8150), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Test Market Results (Codes #5245, #5347 & #927):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve specialty listings for Code #5347, Liqueure Amaretto, 750ML size and Code #927, Hangar One Mandarin Blossom Vodka, 750ML size, as each product has earned the gross profit required for specialty consideration at the conclusion of a six-month test market period, and delist Code #5245, Rosita Coffee Liqueur, 750ML size, as this item failed to earn both the gross profit required for full distribution and the gross profit required for specialty consideration at the end of a six-month test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) Additional Special Offer for June 2004 – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve additional special offers from United

Beverages, Inc., based upon depletions (without matching state funds) of two (2) spirit items, to be featured on sale during June 2004, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

**1) Special Offers for Save & Win June 2004 (18 items – Horizon):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverage Company, based upon depletions of eighteen (18) wine items, to be featured on sale during the June 2004 “Save & Win” promotion, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**2) Special Offers for the Summer Sweepstakes June 2004 (10 items – Martignetti Companies of N.H.):**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of ten (10) wine items, to be featured on sale during the June 2004 “Summer Sweepstakes” promotion, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**3) Special Offers for June 2004:**

**a. 2 items (revised) – Martignetti Companies of N.H.:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve revised special offers from Martignetti Companies of N.H., based upon depletions of two (2) wine items, to be featured on sale during June 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**b. 7 items – Perfecta Wine Company:**

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Perfecta Wine Company, based upon depletions of seven (7) wine items, to be featured on sale during June 2004, as recommended by Nicole

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Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. 2 items – Sea Breeze Cellars:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Sea Breeze Cellars, based upon depletions of two (2) wine items, to be featured on sale during June 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

d. 2 items – Pine State Trading Co./E & J Gallo Winery:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Pine State Trading Company/E & J Gallo Winery, based upon depletions of two (2) wine items, to be featured on sale during June 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

e. 4 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of four (4) wine items, to be featured on sale during June 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

f. 6 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of six (6) wine items, to be featured on sale during July 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Jindalee Sweepstakes and Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from United Beverages, Inc./Frederick Wildman & Sons of a special purchase of four (4) 750ML size Jindalee wines, to be featured on sale during June and July 2004 during a promotional sweepstakes, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Crocodile Chase Purchase:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve an offer from Sea Breeze Cellars of a special purchase of four (4) varietal 1.5L size Crocodile Chase wines, to be featured on sale during June and July 2004, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

6) Recommended Wine Specialty Products:

a. 14 wine codes:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the designation of fourteen (14) wine codes as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. 14 wine codes (R.P. Imports):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the designation of fourteen (14) wine codes from R.P. Imports as wine specialty products, to be carried in wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

7) Recommended Allocated Wines for Distribution to Selected Stores (15 wine codes):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve fifteen (15) allocated wine codes for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 8) Primary Source Submissions (3 items – primary source; 3 items – exclusive agent; 5 items – imported):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes which are from primary source, three (3) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and five (5) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORT – None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated April 22 through April 28, 2004. The motion was unanimously adopted.

2. Coupon Approvals:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed coupon (pad, necker and consumer) requests for the month of May 2004. The motion was unanimously adopted.

3. Late Items/Other:

- a. June Special Offer – Late Item:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a special offer from Pine State Trading Company/E & J Gallo Winery, based upon depletions of one (1) spirit item, to be featured on sale during Jun 2004, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

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John W. Byrne, Commissioner

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Patricia T. Russell, Commissioner

